

## 11.7 SERVICE MARKETING

### Definition of Service Marketing

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. With the increasing prominence of services in the global economy, service marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishability and inseparability.

### Features of Services

**1. Intangibility :** A physical product is visible and concrete. Services are intangible. The service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting. For example, banks promote the sale of credit cards by emphasizing the conveniences and advantages derived from possessing a credit card.

**2. Inseparability :** Personal services cannot be separated from the individual. Services are created and consumed simultaneously. The service is being produced at the same time that the client is receiving it; for example, during an online search or a legal consultation. Dentist, musicians, dancers, etc. create and offer services at the same time.

**3. Heterogeneity (or Variability) :** Services involve people, and people are all different. There is a strong possibility that the same enquiry would be answered slightly differently by different people (or even by the same person at different times). It is important to minimize the differences in performance (through training, standard setting and quality assurance). The quality of services offered by firms can never be standardized.

**4. Perishability :** Services have a high degree of perishability. Unused capacity cannot be stored for future use. If services are not used today, it is lost forever. For example, spare seats in an aeroplane cannot be transferred to the next flight. Similarly, empty rooms in five-star hotels and credits not utilized are examples of services leading to economic losses. As services are activities performed for simultaneous consumption, they perish unless consumed.

**5. Changing Demand :** The demand for services has wide fluctuations and may be seasonal. Demand for tourism is seasonal, other services such as demand for public transport, cricket field and golf courses have fluctuations in demand.

**6. Pricing of Services :** Quality of services cannot be standardized. The pricing of services are usually determined on the basis of demand and competition. For example, room rents in tourist spots fluctuate as per demand and season and many of the service providers give off-season discounts.

**7. Direct Channel :** Usually, services are directly provided to the customer. The customer goes directly to the service provider to get services such as bank, hotel, doctor, and so on. A wider market is reached through franchising such as McDonald's and Monginis.

### Problems in Marketing Services

1. A service cannot be demonstrated.
2. Sale, production and consumption of services takes place simultaneously.
3. A service cannot be stored. It cannot be produced in anticipation of demand.
4. Services cannot be protected through patents.
5. Services cannot be separated from the service provider.
6. Services are not standardized and are inconsistent.
7. Service providers appointing franchisees may face problems of quality of services.
8. The customer perception of service quality is more directly linked to the morale, motivation and skill of the frontline staff of any service organization.

### Benefits of Service Marketing

Service marketing has grown exponentially in the past decade because of the various benefits it offers to companies. Following are few of the advantages of service marketing :

1. **Recurring Sales** : When service marketing is focused towards satisfying customers' needs perfectly, it leads to repeat sales. Happy customers tend to come back for another purchase. For example, a customer who has a savings account with Citibank and is happy with its services like online banking, phone banking, etc. will go to Citibank for applying a loan. Thus, Citibank's service marketing efforts are being translated to more sales.
2. **Reviews and Word-of-Mouth** : A happy customer is likely to spread word about his experience to a number of people. Today, in the age of internet and swift communication, reviews play an important role in determining whether or not to buy a product. Negative reviews about a product/ service spreads fast. Through appropriate service marketing strategy, companies can ensure that customers are satisfied enough to spread word-of-mouth about their good experience.
3. **Contribution to Economic Growth** : Service marketing is especially beneficial for developing countries. It gives them an opportunity to showcase their talents and commitment to quality when it comes to services. By using proper service marketing strategies, companies are able to gain trust of customers. On a national scale, this leads to an increase in employment level, increase in foreign exchange reserves, increase in exports and Gross Domestic Product.